

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
BUDGET ACT  
FISCAL YEAR 2003-04**

**EXECUTIVE SUMMARY**

The State continues to operate in a very challenging fiscal environment and the Department of Developmental Services budget has not been unaffected. This year, the community services budget includes another unallocated reduction and numerous other provisions to effect savings. In addition, the Department will continue its aggressive efforts to increase federal funding, thereby lessening the impact on the General Fund. For the Department's State Operations (Developmental Centers and Headquarters), not reflected in the numbers shown in the following tables is the Department's share of the statewide reduction of 16,000 positions and \$1.1 billion in savings associated with employee compensation. Reduction plans are being developed with implementation pending final negotiations with employee unions. The overall increase to the budget of 13 percent, however, reflects the Administration and Legislature's commitment to ensuring that California's citizens with developmental disabilities continue to receive vital services in these tough fiscal times.

I invite your support and cooperation as we confront another demanding year. I am confident that, through our combined commitment and sacrifice, we will successfully meet the unprecedented challenges without compromising the integrity of our system or the essential services and supports for consumers and their families.

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
FISCAL YEAR 2003-04 BUDGET ACT**

**FUNDING SUMMARY**

*(Dollars in Thousands)*

	<b>2002-03 Estimated Expenditures</b>	<b>2003-04 Budget Act</b>	<b>Difference</b>	<b>Percent Change</b>
<b>PROGRAM SUMMARY:</b>				
COMMUNITY SERVICES	\$2,300,524	\$2,583,756	\$283,232	12.3%
DEVELOPMENTAL CENTERS	646,472	685,055	38,583 <sup>1/, 2/</sup>	6.0%
HEADQUARTERS SUPPORT	29,521	32,290	2,769 <sup>3/</sup>	9.4%
STATE MANDATES	4	4	0	0.0%
CAPITAL OUTLAY	0	63,313	63,313	100.0%
<b>TOTALS, ALL PROGRAMS</b>	<b>\$2,976,521</b>	<b>\$3,364,418</b>	<b>\$387,897</b>	<b>13.0%</b>
<b>FUND SOURCES:</b>				
General Fund	1,875,422	2,171,494	296,072	15.8%
General Fund Reappropriation	547	5,268	4,721	862.7%
Reimbursements: Total	1,047,479	1,132,005	84,526	8.1%
<i>Medicaid Waiver</i>	<i>484,110</i>	<i>519,003</i>	<i>34,893</i>	<i>7.2%</i>
<i>Medicaid Waiver Administration</i>	<i>4,127</i>	<i>30,754</i>	<i>26,627</i>	<i>645.2%</i>
<i>Targeted Case Management</i>	<i>96,355</i>	<i>103,217</i>	<i>6,862</i>	<i>7.1%</i>
<i>Medi-Cal</i>	<i>302,386</i>	<i>315,418</i>	<i>13,032</i>	<i>4.3%</i>
<i>Title XX Block Grant</i>	<i>146,107</i>	<i>147,903</i>	<i>1,796</i>	<i>1.2%</i>
<i>All Other</i>	<i>14,395</i>	<i>15,710</i>	<i>1,315</i>	<i>9.1%</i>
Federal Trust Fund	49,333	51,863	2,530	5.1%
Lottery Education Fund	1,688	2,057	369	21.9%
Program Development Fund	2,052	1,731	-321	-15.6%
<b>CASELOAD:</b>				
Developmental Centers	3,589	3,526	-63	-1.8%
Regional Centers	182,175	193,100	10,925	6.0%
<b>AUTHORIZED POSITIONS:</b>				
Developmental Centers	8,679.1	8,585.1	-94.0 <sup>1/</sup>	-1.1%
Headquarters	387.0	404.0	17.0 <sup>2/</sup>	4.4%

<sup>1/</sup> Not yet reflected in the 2003-04 budget for the Developmental Centers Program is the impact of the statewide reduction of 16,000 positions and \$1.1 billion due to the State's fiscal crisis.

<sup>2/</sup> Approximately \$29.7 million of this increase funds the ICF-DD Quality Assurance Fee which is passed through the Department of Health Services to the State General Fund.

<sup>3/</sup> Not yet reflected in the 2003-04 budget for Headquarters is the unknown impact of the statewide reduction of 16,000 positions and \$1.1 billion due to the State's fiscal crisis. The reductions that may be taken in the Headquarters budget could eliminate all new budgeted positions as well as impose a significant decrease in existing positions.

# **DEPARTMENT OF DEVELOPMENTAL SERVICES**

## **2003-04 BUDGET ACT**

### ***PROGRAM HIGHLIGHTS***

#### **Community Services Program**

The 2003-04 Budget Act includes \$2.6 billion to provide services and supports to persons with developmental disabilities in the community. The Community Services budget reflects an increase of \$283.2 million, a 12.3 percent increase in funding for regional centers over 2002-03 estimated expenditures. Significant changes for 2003-04 are as follows:

➤ **Operations Staffing Reductions**

A decrease of \$16.2 million (\$13.9 million General Fund and \$2.3 million reimbursements) in regional center operations funding through modification of staffing ratios for case management, supervisory, and clerical personnel in response to the State's fiscal crisis.

➤ **Day Program Rate Freeze**

A decrease of \$12.7 million (\$9.6 million General Fund and \$3.1 million reimbursements) through prohibiting increases in day program rates for purposes of temporary payment rates to permanent rates conversions, program design modifications or revendorization of existing programs.

➤ **Contracted Services Rate Freeze**

A decrease of \$11.4 million (\$9.3 million General Fund and \$2.1 million reimbursements) through freezing the rates of vendors with whom the regional centers contract for services. This includes the following types of services: supported living, transportation, socialization training programs, behavior intervention training, community integration training programs, community activities support services, mobile day programs, creative art programs, supplemental day services program supports, adaptive skills trainers, and independent living.

➤ **Residential Services Service-Level Rate Freeze**

A decrease of \$7 million General Fund through freezing the service levels of residential service providers.

➤ **Purchase of Services Unallocated Reduction**

An unallocated reduction of \$10 million General Fund in Purchase of Services funding.

➤ **Elimination of Pass-Through of 1/1/04 SSI/SSP Rate Increase**

A savings of \$1.5 million General Fund by not passing through the January 1, 2004 SSI/SSP rate increase to community care facility providers.

➤ **Change in Eligibility Definition**

A reduction of \$2.1 million General Fund resulting from prospectively applying the federal standard for “substantial disability” to existing Lanterman Developmental Disabilities Services Act eligibility criteria. This revision requires a person to have deficits in at least three of the seven life domains.

➤ **Continuation of Non-Community Placement Plan Start-up Suspension**

Continuation of the 2002-03 suspension of funding for start up of new non-Community Placement Plan programs unless the expenditure is necessary to protect consumers’ health or safety and the Department of Developmental Services has granted prior authorization for expenditure.

➤ **Continuation of Intake and Assessment – 60 Days to 120 Days**

Continuation of the 2002-03 provision to extend the amount of time allowed for regional center assessment from 60 days to 120 days following initial intake.

➤ **Enhancing Federal Financial Participation – Phase II**

A reduction of \$100 million General Fund and a commensurate increase in federal reimbursements to reflect a higher level of federally eligible consumers and associated activities. Of the General Fund savings, \$6.5 million will be used to ensure receipt of increased federal financial participation. Federally eligible activities include: increasing the federal cap on the number of consumers eligible for Medicaid waiver funding; identifying regional center operations costs that could qualify for additional federal reimbursements; expanding the type of services billable to the Home and Community-Based Services waiver; increasing the percentage of contracted expenditures eligible for federal reimbursements, and recalculating Targeted Case Management rates.

➤ **ICF-DD Quality Assurance Fee**

An increase of \$.7 million General Fund for a quality assurance fee for consumers in intermediate care facilities for the developmentally disabled (ICF-DD) who are not Medi-Cal eligible, effective October 1, 2003.

➤ **Medicaid Waiver: South Central Los Angeles Regional Center (SCLARC)**

A \$13.3 million increase in Medicaid Waiver reimbursements and corresponding decrease in General Fund, assuming the federal government approves SCLARC to resume claiming Medicaid waiver reimbursement.

➤ **Decreased Title XX Social Services Block Grant**

A reduction of \$34 million in Title XX Block Grant funds and a commensurate increase in General Fund due to not being able to access Temporary Assistance for Needy Families funds transferred to Title XX.

➤ **Updated Community Placement Plan**

An increase of \$24.3 million (\$19.1 million General Fund and \$5.2 million reimbursements) based on regional centers' updated plans to move consumers into the community from the developmental centers.

➤ **Workers' Compensation Rate Increase**

An increase of \$1.9 million (\$1.5 General Fund, \$.4 reimbursements) to fund the annualized impact of the 5.1 percent Workers' Compensation rate increase effective January 1, 2003.

➤ **Gap Resource Development**

An increase of \$1.8 million General Fund to pay facility costs for 69 new four-to-six bed intermediate care facilities for the developmentally disabled during the gap period between Department of Health Services licensure and certification of these facilities when Medi-Cal does not cover these costs.

➤ **Increased Service Utilization**

An increase of \$313 million (\$239 million General Fund and \$74 million reimbursements/federal funds) to fund additional costs in the regional center system due to increased utilization of services based on projected consumer needs. A significant portion of the increase is associated with increasing the 2003-04 Purchase of Services base funding associated with the 2002-03 deficiency and the 2002-03 \$52 million unallocated reduction.

➤ **Continuation of Self-Determination Pilot Projects**

Approval to develop and submit a Home and Community-Based Services Independence Plus waiver for continuation and expansion of existing Self-Determination projects that allows participants to control an individualized budget to purchase resources and services. This waiver will result in increased federal financial participation and cost savings to the General Fund.

➤ **Habilitation Services Program Transfer**

Transfer of the Habilitation Services program from the Department of Rehabilitation effective July 1, 2004.

➤ **Co-Payment Assessment Program**

Development of a plan that will describe a system of enrollment fees/co-payments to be assessed on the parents of minor children between the ages of 3 and 17 years who live at home and receive services through the regional center system. The plan will be submitted to the Legislature for review and approval by April 1, 2004.

## **Developmental Centers Program**

The 2003-04 Budget Act includes \$685 million for the Developmental Centers Program. This reflects an increase of \$38.6 million, a 6 percent increase from 2002-03 estimated expenditures. The total number of positions authorized in 2003-04 for the developmental centers is 8,585.1; a net decrease of 94 positions. Significant changes are as follows:

➤ **Pending Reductions for Developmental Centers**

Not yet reflected in the 2003-04 budget for the Developmental Centers Program is the impact of the statewide reduction of 16,000 positions and \$1.1 billion due to the State's fiscal crisis.

➤ **Bay Area Project**

Development of a closure plan to be submitted to the Legislature by April 1, 2004 for review and approval regarding the closure of Agnews Developmental Center by June 2005.

➤ **Population Adjustment**

An estimated decrease in the Developmental Center average in-center population of 63 residents (from 3,589 to 3,526) in 2003-04 resulting in a 1.8 percent decrease in population.

➤ **Medi-Cal Base Funding Adjustment**

An increase of \$10.4 million in Medi-Cal reimbursements and a commensurate decrease in General Fund to reflect a change in the Medi-Cal eligibility rate from 83.23 percent in 2002-03 to 86.29 percent in 2003-04.

➤ **ICF-DD Quality Assurance Fee**

An increase of \$29.7 million (\$17.3 million General Fund and \$12.4 million reimbursements) to reflect a quality assurance fee assessment on ICF-DD programs within the developmental center system.

➤ **In Re Hop Hearings**

An increase of \$323,000 (\$206,000 General Fund and \$117,000 reimbursements) and five two year limited term positions to address the workload resulting from increase court hearings pursuant to the In Re Hop Supreme Court decision regarding due process for developmental center admissions.

➤ **Life Services Alternative Project**

An increase of \$1 million in reimbursements to fund the Life Services Alternative Project that will enable individuals with severe medical needs to be served in the community.

## **Capital Outlay**

➤ **Porterville Developmental Center: 96-Bed Forensic Residential Expansion**

An increase of \$63.3 million for preliminary plans, working drawings and construction of a 96-bed expansion and recreation complex associated with the Forensic Program at Porterville Developmental Center.

## **Headquarters**

The 2003-04 Budget Act includes \$32.3 million for the Headquarters budget. This reflects an increase of \$2.8 million; a 9.4 percent increase in funding from 2002-03 estimated expenditures. The total authorized in 2003-04 for Headquarters is 404 positions; an increase of 17 positions (4.4 percent) from 2002-03.

➤ **Pending Reductions for State Operations**

Not yet reflected in the 2003-04 budget for Headquarters is the impact of the statewide reduction of 16,000 positions and \$1.1 billion due to the State's fiscal crisis. The reductions that may be taken in the Headquarters budget could eliminate all new budgeted positions (as discussed below) as well as impose a significant decrease in existing positions.

➤ **Continuation of Self-Determination Pilot Projects**

Two limited-term positions for an additional two years to seek a Home and

Community-Based Services Independence Plus waiver for continuation and expansion of self-determination.

➤ **On-Going Resources for HIPAA Compliance**

One limited-term position for an additional three years and an increase of one position for three years to provide oversight of the Department's efforts to conform with the Health Insurance Portability and Accountability Act (HIPAA).

➤ **Enhancing Federal Financial Participation – Phase II**

An increase of \$1.3 million (\$.6 General Fund and \$.7 in reimbursements) and 16 positions to expand the Department's efforts in pursuing additional federal funds for services provided to consumers in the community.



**DEPARTMENT OF DEVELOPMENTAL SERVICES  
FISCAL YEAR 2003-04 BUDGET ACT**

(Dollars in Thousands)

	2002-03 Estimated Expenditures	2003-04 Budget Act	Dollar Change	Percent Change
<b>Community Services Program</b>				
Regional Centers	\$2,259,254	\$2,542,431	\$283,177	12.5%
<i>Operations</i>	408,018	429,313 <sup>1/</sup>	21,295	5.2%
<i>Purchase of Services</i>	1,851,236	2,113,118	261,882	14.1%
Early Intervention Program	20,095	20,095	0	0.0%
Habilitation Services	21,175	21,230	55	0.3%
<b>Totals, Community Services</b>	<b>\$2,300,524</b>	<b>\$2,583,756</b>	<b>\$283,232</b>	<b>12.3%</b>
General Fund	1,511,861	1,723,481	211,620	14.0%
GF Reappropriation	547	268 <sup>2/</sup>	-279	-51.0%
PDF	1,800	1,400	-400	-22.2%
Federal Trust Fund	46,995	49,117	2,122	4.5%
Reimbursements	739,321	809,490	70,169	9.5%
<b>Developmental Centers Program</b>				
Personal Services	\$516,112	\$526,861	\$10,749	2.1%
Operating Expenses & Equipment	130,360	158,194	27,834	21.4%
<b>Total, Developmental Centers</b>	<b>\$646,472</b>	<b>\$685,055</b>	<b>\$38,583</b>	<b>6.0%</b>
General Fund	344,744	364,261	19,517	5.7%
GF Reappropriation	0	5,000 <sup>2/</sup>	5,000	
Federal Trust Fund	597	633	36	6.1%
Lottery Education Fund	1,688	2,057	369	21.9%
Reimbursements	299,443	313,104	13,661	4.6%
<b>Headquarters Support</b>				
Personal Services	\$23,876	\$26,354	2,478	10.4%
Operating Expenses & Equipment	5,645	5,936	291	5.2%
<b>Total, Headquarters Support</b>	<b>\$29,521</b>	<b>\$32,290</b>	<b>\$2,769</b>	<b>9.4%</b>
General Fund	\$18,814	\$20,435	\$1,621	8.6%
Federal Trust Fund	1,741	2,113	372	21.4%
PDF	252	331	79	31.3%
Reimbursements	8,714	9,411	697	8.0%
<b>State Mandates</b>	<b>\$4</b>	<b>\$4</b>	<b>\$0</b>	<b>0.0%</b>
General Fund	\$4	\$4	\$0	0.0%
<b>Capital Outlay</b>	<b>\$0</b>	<b>\$63,313</b>	<b>\$63,313</b>	<b>100.0%</b>
General Fund	\$0	\$63,313	\$63,313	100.0%
<b>Totals, All Programs</b>	<b>\$2,976,521</b>	<b>\$3,364,418</b>	<b>\$387,897</b>	<b>13.0%</b>
General Fund	1,875,422	2,171,494	296,072	15.8%
General Fund Reappropriation	547	5,268	4,721	862.7%
Federal Trust Fund	49,333	51,863	2,530	5.1%
Lottery Education Fund	1,688	2,057	369	21.9%
PDF	2,052	1,731	-321	-15.6%
Reimbursements	1,047,479	1,132,005	84,526	8.1%
<b>Caseload:</b>				
Developmental Centers	3,589	3,526	-63	-1.8%
Regional Centers	182,175	193,100	10,925	6.0%
<b>Authorized Positions:</b>				
Developmental Centers	8,679.1	8,585.1	-94.0	-1.1%
Headquarters	387.0	404.0	17.0	4.4%

<sup>1/</sup> Regional Centers Operations includes \$268,000 for Life Quality Assessment (LQA) contract reappropriation.

<sup>2/</sup> Reappropriation amounts include \$268,000 estimated for Regional Centers Operations-LQA and \$5,000,000 for Developmental Centers-Bay Area Project.